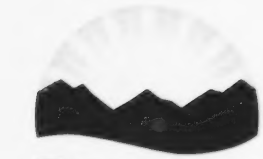
BUDGET 2006

Ministry of
Energy, Mines and
Petroleum Resources

2006/07 – 2008/09
SERVICE PLAN



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Message from the Minister and Accountability Statement

As this government begins our new mandate, I am committed to seeing this Ministry contribute to a golden decade of prosperity for the people of British Columbia and the realization of all five of our Great Goals. British Columbia is rich with natural resources. The environmentally and socially responsible development of the energy, mining and petroleum resource sectors will provide the building blocks for our communities and the economy — including the aggregate we use to build our roads, the minerals we use in our daily lives, and the natural gas we use to heat our homes. These vibrant sectors now contribute over $3 billion annually to government revenue, providing funding for our goals related to education, healthy living and health care, as well as support for those most in need.

One of our government's goals is to lead the world in sustainable environmental management. As a province we are well on our way to achieving this goal through the efforts of our Energy Efficiency in Buildings Strategy and our public ownership of BC Hydro. Currently, almost 90 per cent of our electricity comes from clean hydro projects. As our power needs grow over the coming years, we will focus on a broad range of energy supply sources including independent power production (IPP) and alternative energy production. Our IPP projects will employ both conventional and alternative BC Clean electricity technologies such as run-of-river hydro, solar, biomass, tidal and wind. To date, over 58 IPP's have electricity purchase agreements. In 2005, we provided $2 million to support the innovative Hydrogen Highway project and the hydrogen fuel cell industry. In fact, the Ford Motor Company chose British Columbia to test and demonstrate five fuel cell vehicles — the first demonstration in Canada, and Ford's first demonstration in North America. The first fuel cell car was actually used for Ministry business.

Sustainable growth of the mining and oil and gas industries continues to be a priority as we examine how best to work with communities, local governments and First Nations. Investment in mineral exploration, which is critical to future mine development, is on the rise and reached $220 million in 2005. With initiatives like the summer drilling program and the road rehabilitation strategy, the oil and gas industry now operates year-round providing opportunities for an expanded British Columbia service sector. This increased oil and gas activity resulted in forecast revenues for the 2005/06 fiscal year of approximately $2.8 billion, funds that support education, health and other key services. We are committed to a science-based, environmentally responsible offshore oil and gas industry and will continue to work with coastal communities and First Nations to ensure their interests are met over the long-term. Together, these industries provide family-supporting employment and business opportunities in communities across the province, while producing products that are essential to our way of life.

By delivering on the goals and objectives in this service plan, this Ministry will help British Columbia achieve a golden decade. We will build on our successes of the last four years — and strive for thriving, safe, environmentally responsible and competitive energy, mining and petroleum resource sectors which contribute to the economic growth and development of communities in British Columbia.

The Ministry of Energy, Mines and Petroleum Resources 2006/07 – 2008/09 Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the plan has been prepared. All material fiscal assumptions and policy decisions as of February 8, 2006, have been considered in preparing the plan and I am accountable for achieving the specific objectives in the plan.

Honourable Richard Neufeld
Minister of Energy, Mines and Petroleum Resources

February 8, 2006

Message from the Minister of State for Mining and Accountability Statement

This last year has been full of significant successes for provincial mineral exploration and mining. Mining and Mineral exploration is booming in B.C. This year we saw the highest level of interest in mineral exploration in decades: $220 million in 2005, an increase of 70 per cent over 2004, and 630 per cent over 2001 investment. Mining is back in B.C. This investor confidence means we will continue to have high-paying resource jobs and a growing service sector. As the mining industry continues to grow, so will its contributions to provincial revenues.

In 2005, there were more than 20 applications to government for new mine developments, and an estimated 4,000 new seasonal exploration jobs were created, representing a 48 per cent increase over 2004. The past year also saw 650 active mineral exploration projects, up 38 per cent from 2004. The Mount Polley copper-gold mine re-opened in early 2005, while the Trend and Wolverine coal mines in the northeast are currently under construction and scheduled to open in 2006. All this activity ensures an exciting year ahead for B.C. mining.

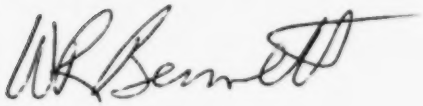
As the Minister of State for Mining, I intend to continue to support the work of the BC Mining Plan and our great goals of environmental leadership and job creation. We will be working with First Nations and communities to expand the success of mining training programs, doing more geoscience, and working with communities to talk about the benefits of mining. And, I will continue to consult with First Nations and communities to balance local interests in order to make B.C. a world leader in sustainable and environmentally responsible mining.

Through the implementation of this Service Plan, we will support British Columbia's five great goals for a golden decade.

I am the Minister of State for Mining and under the *Balanced Budget and Ministerial Accountability Act*, I am accountable for achieving the following results for 2006 – 2007:

- Working with associated ministries and agencies to improve global competitiveness and investment in British Columbia by simplifying the mineral exploration and mining project review and approval process. Providing a status report to the Government Caucus Committee on Natural Resources and the Economy (GCC);
- Developing and implementing a mining education network to facilitate training and skills development to address skills shortages in mineral exploration and mining, in conjunction with other agencies, industry, communities, and First Nations. Reporting to the GCC on the progress in this area;

- Improving community and First Nations awareness of economic opportunities and social benefits of a thriving mining sector and increasing public awareness of the benefits derived from the mineral exploration and mining industries and their contributions to building prosperous communities across the Province. Providing a status report to the GCC.



Honourable Bill Bennett
Minister of State for Mining

February 8, 2006

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Ministry Overview

Purpose of the Ministry

The Ministry of Energy, Mines and Petroleum Resources is tasked with managing the responsible development of British Columbia's energy, mining and petroleum resource sectors. Natural gas is now the single largest source of provincial revenue derived from a natural resource. As commodity prices for natural gas, oil, electricity and minerals remain strong, British Columbians can expect to see continued benefits and resource development opportunities. This Service Plan outlines the Ministry's strategies to increase jobs, investment and revenue related to these sectors, while acting as an environmental steward protecting the land base which is affected.

The Ministry administers 25 statutes pertaining to the energy, mining and petroleum resource sectors. In addition, the Minister of Energy, Mines and Petroleum Resources is responsible for the Assayers Certification Board of Examiners, the British Columbia Hydro and Power Authority, the British Columbia Transmission Corporation, the Columbia Power Corporation, the Mediation and Arbitration Board and the Oil and Gas Commission.

Vision, Mission and Values

Vision

Thriving, safe, environmentally responsible and competitive energy, mining and petroleum resource sectors, which contribute to the economic growth and development of communities in British Columbia.

Mission

To facilitate the promotion and maintenance of a positive climate for the responsible development of British Columbia's energy, mineral and petroleum resources for the benefit of British Columbians.

Values

The following values define the Ministry of Energy, Mines and Petroleum Resources' corporate culture and position it to achieve its Service Plan goals and objectives.

Integrity

The Ministry is committed to respectful, honest and ethical behaviour in all its communications and actions.

Responsiveness

The Ministry is service-oriented and responds to the needs of our clients, stakeholders and the general public in a timely and effective manner.

Accountability

The Ministry provides leadership and sets high expectations. All levels of the Ministry measure and report on their performance.

Professionalism

The Ministry is committed to maintaining the highest levels of both technical competency and public service, while encouraging innovation and creativity.

Partnership Building

The Ministry is committed to promoting teamwork, advancing positive working relationships and effective partnerships with all of its clients.

Strategic Context

British Columbia is in the fortunate position of having abundant opportunities for energy, mineral and petroleum resource development. The Ministry is committed to working with communities, industry, First Nations and environmental organizations to ensure that the continued growth and development of these sectors is both competitive and environmentally responsible. At a time when the markets for these commodities are forecasting continued strength, British Columbians are witnessing increased jobs, business opportunities and government revenue from the production and sale of these publicly-owned commodities. At the same time, continued public ownership of BC's transmission, distribution and generation assets and the BC Utilities Commission's regulation of domestic rates under the heritage contract mean that electricity prices within British Columbia are among the lowest in North America.

Oil and gas activity levels remain robust in the British Columbia portion of the Western Canadian Sedimentary Basin, with many companies pursuing BC's relatively unexplored oil and gas potential. Companies are still able to acquire substantial contiguous blocks of rights in BC, which is particularly valuable for those pursuing development of oil and gas resources.

The recent resurgence in the mining sector reflects both the fact that BC is one of the richest mineral regions in the world and that the Province has undertaken improvements in government policy, regulation and support for the mining industry. The significant international upturn in the mining industry, for all commodities, coupled with the growing economies of Asia, provide British Columbia with an opportunity to benefit from exploration investments and new and expanded mine developments.

British Columbia energy consumption continues to increase. The need to reduce the growth in demand, and manage the link between energy use, greenhouse gas emissions and air quality, will drive efforts toward conservation, greater energy efficiency and the development of additional clean sources of energy. Implementing policies such as "Energy Efficient Buildings: A Plan for BC" will help British Columbia achieve these objectives. The responsible development of the Province's clean and renewable electricity resources is a key aspect of BC's energy future. British Columbia is currently a net importer of electricity, and investments in generation within the Province will reduce exposure to price swings and security of supply issues associated with imports from neighbouring jurisdictions.

Technology plays an important role in reducing energy use per capita or per unit of Gross Domestic Product, without sacrificing economic growth. Considerable opportunities exist to develop and commercialize new energy technologies and renewable energy sources such as hydro, wind, geothermal, ocean energy, biomass, biofuels, and clean coal.

Annually, the Ministry of Energy, Mines and Petroleum Resources assesses its risks and opportunities as part of the strategic planning process. Once these risks/opportunities have been identified they are addressed through strategies that result in successful implementation of the Ministry's goals and objectives for that given period. The following is comprehensive list of the aforementioned external and internal risks and opportunities.

External Risks

Financial — Financial markets have moderately tightened and this could impact the potential for the Province to see significant increases in spending and investment in some sectors in 2006 - 2007. In addition, while commodity prices impact investment levels, prices are completely beyond the control of the Ministry. Therefore, the Ministry is focused on identifying the opportunities created by the high commodity price environment to accelerate responsible and sustainable development in the near-term even though the financial markets may continue to experience volatility.

Competition — Investment dollars move readily around the globe to the jurisdictions that provide the highest net return for given levels of risk. The Ministry monitors changes in British Columbia's competitiveness as compared to other jurisdictions and implements strategies to maintain our competitive position and investment attractiveness.

Environment — Current provincial efforts at reducing greenhouse gas emissions will continue. This pervasive issue remains difficult for governments to manage because, while perceived by many as an environmental issue, the implications in the near term are largely economic. The time frame for action, measured in decades, tends to challenge governments faced with more immediate demands for limited financial and public sector resources. British Columbians generally do not recognize the influence their energy-use decisions have on provincial resource development, infrastructure management and energy policy. The Ministry will, as part of the Energy Plan renewal, consider implementing awareness campaigns to ensure consumers are fully cognizant of their energy use choices and decisions and will determine a set of incentives to promote conservation of energy use.

Skilled Workers — With the growing demand throughout Canada for both skilled and unskilled workers in the transportation and construction sectors, as well as the energy and minerals sectors, the Ministry will continue to engage in new strategies for attracting, training and retaining workers.

External Opportunities

Global Supply/Demand — The emergence of China and India as major commodity consumers has increased demand and prices in a wide range of resource commodity markets. For example China's growing steel demand has boosted world demand for and price of metallurgical coal. As a result, coal companies have taken a renewed interest in British Columbia's major coal deposits. Additionally, China is emerging as a new source of investment funds that can be attracted to this Province. North American demand for oil and gas continues to increase while new supply opportunities are limited.

First Nations and Community Consultation -- There is a need to build new relationships with First Nations' communities so that they can share the benefits of energy, mineral and petroleum exploration, development and use. In addition, all of British Columbia's communities in resource rich areas continue to seek earlier and more comprehensive information from government regarding resource development in their areas. Many First Nations and communities are actively looking at the opportunities open to them to engage in proactive energy planning — ranging from energy conservation programs to the economic development opportunities associated with resource development, and the opportunity to contribute to the development of sound public policy. The Ministry will be working to operationalize the New Relationship with First Nations as well as implementing a community engagement strategy to enhance public confidence, provide greater community benefits and increase investment certainty for industry.

Internal Opportunities

Collaborative Relationship with Stakeholders — The Ministry will continue to strive to build exemplary relationships with its key client groups and stakeholders. The Ministry recognizes the need to build strong relationships to advance new programs and strategies.

Technology — The Ministry is pushing forward a number of technological initiatives to enhance service and attractiveness to industry, such as an online permitting system for mineral exploration, BC's state of the art mineral resource and geoscience databases, and interactive mapping websites.

Regulatory Streamlining — The Ministry has reduced regulation to facilitate development while ensuring the integrity of environmental, health and safety standards. The Ministry continues to support the government-wide Regulatory Reform initiative by meeting the goal of no net increase in regulation over the next three years.

New Opportunities Explored — The Ministry is undertaking a comprehensive review of the 2002 "Energy for our Future: A Plan for British Columbia" in order to present a contemporary blueprint for the people of the Province. The Ministry is anticipating the release of three significant initiatives in the near future in addition to the November 2005 BC Progress Board report on the energy sector. These are the Alternative Energy and Power Technology Task Force report, BC Competition Council reports on mining and oil and gas, and BC Hydro's Integrated Electricity Plan. The Ministry will be implementing a community engagement strategy that will focus on working with local governments, communities and non-governmental organizations to seek advice on key policy matters and to provide information on the benefits and opportunities of resource development.

The Ministry is also looking to mitigate some of the negative effects of the Mountain Pine Beetle epidemic by enhancing opportunities to develop oil and gas basins and mineral deposits in impacted areas. We will also encourage First Nations' and community employment and other forms of participation in the energy, mineral and petroleum resources sectors.

Core Business Areas

Oil and Gas

The Crown owns the vast majority of the Province's petroleum and natural gas resources. The Ministry of Energy, Mines and Petroleum Resources is responsible for the management of these resources and is mandated to ensure protection of the environment in oil and gas development as well as ensure that benefits from these resources are maximized for all British Columbians. In 2005/06, Provincial government revenue generated directly from the production of oil and gas in BC is expected to be approximately $2.8 billion, or about eight per cent of total provincial revenues. With abundant oil and gas deposits throughout the province, oil and gas revenue will continue to play an important role in the provincial economy.

The Oil and Gas Division is planning now for the future as it reviews its policies and programs to enhance the oil and gas regulatory regime in order to protect human health and the environment. The Division also strives to maximize the benefits from the Province's oil and gas resources, including increasing revenue and private sector business opportunities, implementing innovative oil and gas infrastructure and royalty programs, developing the Interior Basins, promoting geological potential, and enhancing the competitive business climate for oil and gas service companies.

The Titles Division issues and administers tenures for Crown-owned petroleum and natural gas, geothermal and underground gas storage rights, and collects associated revenues. The monthly disposition process for oil and gas rights generates over $400 million in revenue annually, while the administration of tenure provides a further $60 million each year.

Offshore Oil and Gas

The Offshore Oil and Gas Division was established to enable offshore oil and gas development to occur in British Columbia in a scientifically sound and environmentally responsible manner. The Province of British Columbia believes that the potential opportunities provided by offshore oil and gas development are of significant public value. The Province is taking a principled approach to researching management and regulatory regimes in other jurisdictions in order to identify best practices for west coast offshore development. Moving forward, the Division will continue to work with communities, First Nations, the federal government and key stakeholders. The focus will be to work with the Ministry of Environment, consult with First Nations, environmental organizations and coastal communities to develop a comprehensive regulatory regime and advance the knowledge of offshore energy development.

Mining and Minerals

Mining has fueled economic development throughout the province since the first Gold Rush nearly 150 years ago. British Columbia is rich in mineralization and is ranked high by companies with respect to mineral resource potential including coal, aggregate, industrial minerals and metal resources. Mining revenues and jobs are increasing as government policies and commodity prices fuel investor confidence and attract the mining industry to develop these rich resources. The provincial government is committed to attracting exploration investment and building the mining industry in order to ensure benefits for all British Columbians.

The Mining and Minerals Division develops and implements policies and programs to enhance British Columbia's competitiveness world-wide in order to attract new investment in mineral exploration and mining. The Division is responsible for health, safety and environmental regulation at mine sites, which is part of the framework that establishes British Columbia's mines among the most environmentally responsible and high tech, and the safest in the world. It manages the exploration and development of mineral resources to ensure the involvement of communities, environmental organizations and First Nations, and is responsible for the development and implementation of the BC Mining Plan.

The Titles Division issues and administers tenures for Crown-owned mineral, placer and coal rights. In January 2005, the Division enhanced service delivery to clients through implementation of the award-winning "Mineral Titles Online." Mineral Titles Online is a state-of-the-art, internet-based mineral tenure acquisition and maintenance system.

Electricity and Alternative Energy

The Electricity and Alternative Energy Division develops and implements policies and programs to support all forms of electrical power generation, alternative energy sources, energy efficiency measures, leading edge and evolving technologies. Energy, economic and environmental policies are intertwined. As British Columbia's economy strengthens and diversifies, it continues to rely on secure, reliable, low-cost electricity. At the same time, British Columbians are committed to environmentally responsible energy development and energy efficiency. The government is dedicated to striking a balance between the development of conventional sources of electricity in a responsible manner, and developing policies that will lead to the use of new and alternative sources. The Division is responsible for implementing the electricity and alternative energy policy actions in "Energy for Our Future: A Plan for BC," for developing and implementing provincial policy with respect to BC Hydro and the BC Transmission Corporation, and for ensuring that British Columbia's energy interests in inter-jurisdictional issues are met. The provincial government has received the final report of the Alternative Energy and Power Technology Task Force. The Division will work with other ministries and agencies to implement those recommendations approved by Cabinet.

Marketing, Aboriginal and Community Relations

The Marketing, Aboriginal and Community Relations Division provides a corporate service to the other divisions by leading the Ministry's First Nations and community engagement strategy, corporate policy, strategic planning, intergovernmental relations and legislation. The Division is responsible for the Ministry's objective of advancing the New Relationship with First Nations and working with communities in the development of energy, mineral and petroleum resources throughout the province. The Ministry aims to increase First Nations participation in these resource sectors through consultation and accommodation initiatives. The Division is also responsible for the administration of the Mediation and Arbitration Board.

Executive and Support Services

Financial and administrative support services, payroll, human resources and budgeting, are provided by the Management Services Division as a shared service with the Ministry of Economic Development.

Resource Summary

Core Business Areas	2005/06 Restated Estimates[1]	2006/07 Estimates	2007/08 Plan	2008/09 Plan
Operating Expenses ($000)				
Oil and Gas	11,812	10,591	10,826	10,826
Offshore Oil and Gas	4,252	4,277	4,277	4,277
Mining and Minerals	13,282	14,807	13,309	13,309
Electricity and Alternative Energy	1,580	3,691	1,687	1,687
Marketing, Aboriginal and Community Relations	6,553	6,629	4,055	4,055
Executive and Support Services	3,543	3,679	4,133	4,133
Contracts and Funding Arrangements[2]	31,560	33,560	33,560	33,560
Total	**72,582**	**77,234**	**71,847**	**71,847**
Full-time Equivalents (FTEs)				
Oil and Gas	78	78	78	78
Offshore Oil and Gas	12	12	12	12
Mining and Minerals	111	111	111	111
Electricity and Alternative Energy	14	15	15	15
Marketing, Aboriginal and Community Relations	40	40	40	40
Executive and Support Services	15	15	15	15
Total	**270**	**271**	**271**	**271**

[1] These amounts have been restated, for comparative purposes only, to be consistent with the presentation of the September Update 2005 *Estimates* 2005/06. Schedule A of the *Estimates* presents a detailed reconciliation.

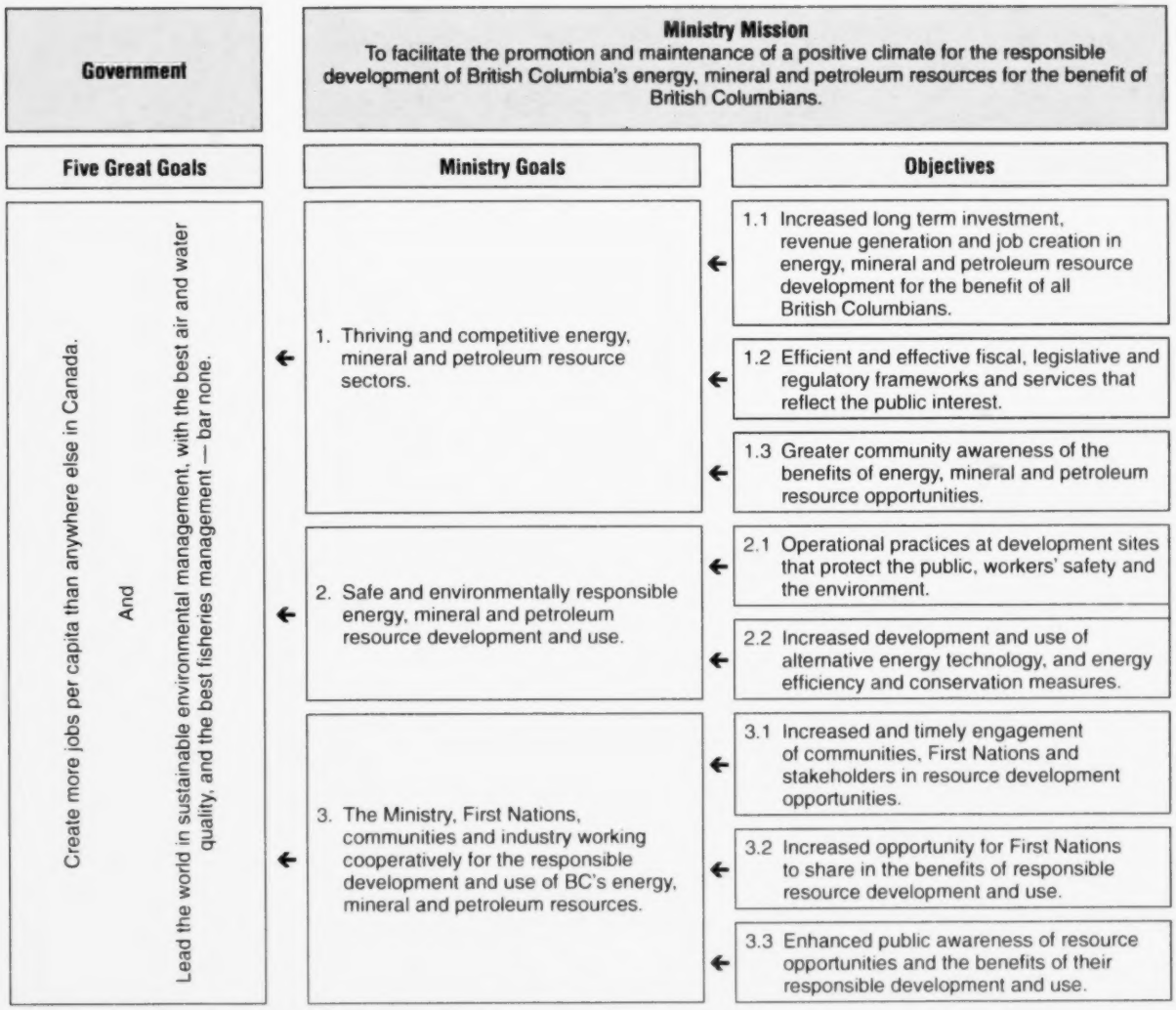
[2] Contracts and Funding Arrangements includes: An annual payment for three years to reflect the province's obligations under the Vancouver Island Gas Pipeline Agreement; revenue sharing agreements. Operating expenditures totaling $2M associated with the Columbia Basin Trust have been transferred to the Ministry of Economic Development.

Core Business Areas	2005/06 Restated Estimates[1]	2006/07 Estimates	2007/08 Plan	2008/09 Plan
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
Oil and Gas	275	566	383	383
Mining and Minerals	865	1,051	867	867
Electricity and Alternative Energy	6	0	7	7
Marketing, Aboriginal and Community Relations	0	0	0	0
Executive and Support Services	310	182	178	178
Total	**1,456**	**1,799**	**1,435**	**1,435**
Other Financing Transactions ($000)				
Oil and Gas Commission Act				
Receipts	26,220	32,602	34,811	36,121
Disbursements	(26,220)	(32,602)	(34,811)	(36,121)
Total Net Cash Source (Requirements)	**0**	**0**	**0**	**0**

[1] These amounts have been restated, for comparative purposes only, to be consistent with the presentation of the 2006/07 *Estimates*. Schedule A of the *Estimates*, presents a detailed reconciliation.

Goals, Objectives, Strategies and Results

Overview of Ministry Goals


Government
Ministry Mission
To facilitate the promotion and maintenance of a positive climate for the responsible development of British Columbia's energy, mineral and petroleum resources for the benefit of British Columbians.
Five Great Goals
Ministry Goals
Objectives
Create more jobs per capita than anywhere else in Canada.
And
Lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management — bar none.
1. Thriving and competitive energy, mineral and petroleum resource sectors.
1.1 Increased long term investment, revenue generation and job creation in energy, mineral and petroleum resource development for the benefit of all British Columbians.
1.2 Efficient and effective fiscal, legislative and regulatory frameworks and services that reflect the public interest.
1.3 Greater community awareness of the benefits of energy, mineral and petroleum resource opportunities.
2. Safe and environmentally responsible energy, mineral and petroleum resource development and use.
2.1 Operational practices at development sites that protect the public, workers' safety and the environment.
2.2 Increased development and use of alternative energy technology, and energy efficiency and conservation measures.
3. The Ministry, First Nations, communities and industry working cooperatively for the responsible development and use of BC's energy, mineral and petroleum resources.
3.1 Increased and timely engagement of communities, First Nations and stakeholders in resource development opportunities.
3.2 Increased opportunity for First Nations to share in the benefits of responsible resource development and use.
3.3 Enhanced public awareness of resource opportunities and the benefits of their responsible development and use.

Linkage to the Five Great Goals

With regard to the Five Great Goals for a Golden Decade, the Ministry of Energy, Mines and Petroleum Resources makes a significant contribution to the first three Great Goals through a strong policy and regulatory framework which facilitates the provision of approximately $3 billion in government revenue to support the high level of health care, education and social services set by these Goals.

Great Goal One: *Make BC the best educated, most literate jurisdiction on the continent.*

Great Goal Two: *Lead the way in North America in healthy living and physical fitness.*

Great Goal Three: *Build the best system of support in Canada for persons with disabilities, special needs, children at risk and seniors.*

The Ministry also makes direct contributions to these first three Great Goals, through such initiatives as government-industry partnerships in oil and gas education and training, and promoting best practices in workplace health and safety in the petroleum, energy and mining industries.

The Ministry's major direct contributions are with regard to delivering programs in support of the last two Great Goals. With regard to *Great Goal Four: Lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management — bar none* — energy, mineral and petroleum resource development must be achieved while British Columbians continue to enjoy a healthy and vibrant environment. In support of Great Goal Four, the Ministry will pursue best practices for oil and gas development, maintain effective, efficient regulation of mines and mineral exploration sites aimed at health, safety and environmental best practices, and promote development and use of alternative energy technology, and energy efficiency measures. The Ministry is at the forefront of developing resource management and community engagement measures to ensure that British Columbians lead the world in sustainable environmental management and enjoy the best air and water quality.

For Great Goal Four, key initiatives include the Oil and Gas Regulatory Improvement Initiative to create a more effective and efficient results-based oil and gas regulatory framework. The BC Mining Plan commits to developing faster and simpler approaches to multi-agency approvals of exploration and mining. As an example, Ministry staff is working with industry and the Ministry of Environment to develop Best Management Practices for mineral exploration in British Columbia. This initiative is an essential part of implementing an efficient and timely regulatory regime for mineral exploration while maintaining high environmental standards. With regard to energy and the environment, the Ministry is working in partnership with the federal government, First Nations, communities, the private sector and others to promote the development and use of alternative energy sources such as

wind, solar and hydrogen, and energy efficiency measures, to conserve our energy resources while delivering a healthier living and work environment for British Columbians.

With regard to *Great Goal Five: Create more jobs per capita than anywhere else in Canada* — the responsible growth of the energy, mining and petroleum sectors brings with it the creation of safe, family-supporting jobs throughout British Columbia. The Ministry encourages investment and activity in these sectors and works with other Ministries to help ensure British Columbia businesses and workers are available to supply these industries' needs. New investments in geoscience, streamlined regulation and new policies to promote British Columbia's leading edge alternative energy sector, will result in greater economic activity, more businesses and jobs in the province. A wide range of Ministry strategies are being implemented in support of Great Goal Five, including: development of a new, contemporary Energy Plan; expanding opportunities for job training and placement; facilitating First Nation involvement; engaging communities and stakeholders; ensuring reliable low cost electricity is available to support economic development and job creation; and pursuit of offshore oil and gas exploration and development.

Cross Ministry Initiatives

The Ministry is working joinly with other agencies on the following initiatives:

Mountain Pine Beetle: Under Ministry of Forests and Range lead, the Ministry is working with other agencies to accelerate the development of energy, mineral and other non-forest economic opportunities and identify infrastructure requirements in areas where the Mountain Pine Beetle has attacked wood.

Asia-Pacific Strategy: Implementation of the BC Mining Plan will include the exploration of opportunities to diversify export markets. Mid- to longer-term actions include expanding and diversifying our energy and minerals exports to Asia-Pacific by increasing production capacity, facilitating pipeline investment, and participating in Team BC–Asia-Pacific, an initiative aimed at marketing our products and services to Asia.

Regulatory Reform: The Ministry supports the government's regulatory reform initiative by meeting its target of no net increase in regulations over the next three years. Any new regulation will be balanced with ensuring that those regulations that no longer serve a useful purpose are eliminated.

First Nations: The Ministry is working to operationalize the New Relationship with First Nations. The implementation of the New Relationship is a significant step in ensuring Aboriginal people benefit from the continued growth and development of British Columbia's resources. The Ministry has also developed programs that include training Aboriginal people, facilitates First Nations' employment in the energy, mineral and petroleum resources sectors, supports treaty negotiations, and undertakes other strategic initiatives in cooperation with other ministries.

Performance Plan

Ministry Goal 1: *Thriving and competitive energy, mineral and petroleum resource sectors*

Associated Core Business Areas: ***Oil and Gas; Mining and Minerals; Offshore Oil and Gas; Marketing, Aboriginal and Community Relations; Electricity and Alternative Energy.***

Objective 1: ***Increased long term investment, revenue generation and job creation in energy, mineral and petroleum resource development for the benefit of all British Columbians.***

Strategies:

1. Develop a new, contemporary Energy Plan to guide future planning and growth.
2. Undertake policies and marketing activities to increase investment in mineral, electricity, alternative energy, energy efficiency, and oil and gas resource opportunities throughout BC.
3. Work with industry, communities, First Nations to conduct new mineral, oil and gas geosciences surveys to attract investment to BC.
4. Enhance the certainty, clarity and predictability of access for oil and gas exploration and development through such initiatives as road infrastructure development.
5. Maximize the area of Crown subsurface resources available for tenure by working with First Nations and communities to address land and community issues.
6. Address barriers facing Independent Power Producers, private sector investors, and improve access to regional markets.

Objective 2: ***Efficient and effective fiscal, legislative and regulatory frameworks and services that reflect the public interest.***

Strategies:

1. Introduce new, targeted royalty and incentive programs to stimulate development of oil and gas resource opportunities.
2. Review legislation, regulations, policies and programs, and develop a streamlined results based regulatory framework that considers best practices and/or harmonization with other jurisdictions.
3. Streamline the "one-window" regulatory regime through the Oil and Gas Regulatory Improvement Initiative.
4. Promote the use of e-business for government transactions.

Objective 3: *Greater community awareness of the benefits of energy, mineral and petroleum resource opportunities.*

Strategies:

1. Revise policy and regulations where necessary to implement new federal-provincial initiatives.
2. Build community and industry relationships by engaging them in discussion about the benefits and opportunities of resource development, and developing an offshore oil and gas benefits sharing model.
3. Increase provincial awareness of energy opportunities by engaging schools in a discussion of responsible energy, mineral and petroleum resource development.
4. Pursue financial and cooperative energy partnerships with industry, such as those developed with Independent Power Producers, communities and other levels of government.
5. Manage Columbia River Treaty and Downstream Benefit Entitlement matters.

Performance Measures	2005/06 Base	2006/07 Target	2007/08 Target	2008/09 Target
Capital investment in Oil and Gas Activities.	$3.9 billion[1]	$4.2 billion	$4.5 billion	$4.8 billion
Natural Gas Production.	1.03 trillion[2] cubic feet	1.06 trillion cubic feet	1.10 trillion cubic feet	1.06 trillion cubic feet
Annual mineral exploration expenditure.	$220 million[3]	$200 million	$200 million	$200 million
Capital investment in new or existing mines.	$250 million[4]	$350 million	$450 million	$450 million

[1] Source: Canadian Association of Petroleum Producers. These estimates are provided only by calendar year.

[2] Source: British Columbia Ministry of Energy, Mines and Petroleum Resources. Raw natural gas production by fiscal year.

[3] Source: British Columbia Ministry of Energy, Mines and Petroleum Resources, based on annual surveys conducted by the Ministry in collaboration with Natural Resources Canada and Statistics Canada (calendar year).

[4] Source: Based on Ministry of Energy, Mines and Petroleum Resources staff using data from annual surveys by PriceWaterhouseCoopers and Natural Resources Canada, adjusted to reflect non-surveyed activities and post-survey developments.

Ministry Goal 2: *Safe and environmentally responsible energy, mineral and petroleum resource development and use.*

Core Business Areas: *Oil and Gas; Mining and Minerals; Offshore Oil and Gas; Marketing, Aboriginal and Community Relations; Electricity and Alternative Energy.*

Objective 1: *Operational practices at development sites that protect the public, workers' safety and the environment.*

Strategies:

1. Review best practices in place in other jurisdictions and adapt them to British Columbia's circumstances where appropriate.
2. Promote and implement initiatives to enhance environmental stewardship in BC's oil and gas and mining sector.

Performance Measures	2005/06 Base	2006/07 Target	2007/08 Target	2008/09 Target
Per cent reduction in emissions from flaring associated with gas production.[1]	50%	51%	52%	53%
Lost time accident frequency at mines.[2]	2.5 days per 100 workers	0% increase	0% increase	0% increase

[1] When natural gas is removed from the ground, some gas is routinely flared to prevent harm from exposure to unburned fuel. As flaring wastes a valuable combustible resource and produces environmental effects, a flaring reduction strategy is being implemented which has resulted in a 50% reduction in flaring since 1998. However, the most inexpensive and easiest reduction initiatives have already been implemented. Further reductions will be increasingly more difficult to achieve, particularly with increasing natural gas production. Therefore a one per cent per year reduction in flaring is still significant.

[2] Refers to time lost due to injury at mines. It is expected that with several new mines in operation and new employees at those mines, the numbers of lost days will be maintained at the benchmark of 2.5 as long as proper training and tools are available for these new workers. The target of 0% increase in lost time is meaningful against a background of expanded industry activity.

Objective 2: *Increased development and use of alternative energy technology, and energy efficiency and conservation measures.*

Strategies:

1. Continue to implement "Energy Efficient Buildings: A Plan for BC".
2. Pursue strategic alliances with the federal government to further develop the hydrogen fuel cells industry and other technology that supports alternative energy.

Performance Measures	2005/06 Base	2006/07 Target	2007/08 Target	2008/09 Target
Percentage of new electricity generation from "BC Clean" and clean self generation sources.[1]	100%	100%	50%	50%
Percentage of furnaces installed with Energy Star rating.[2]	35%	45%	60%	70%

[1] The "BC Clean Electricity Guidelines" define what qualifies as "BC Clean" as electricity that is either purchased or generated by BC Hydro and other utility distributors. As electricity from self generation and load displacement projects is not sold, it is technically not "BC Clean", even though it otherwise qualifies as clean electricity. BC's Energy Plan currently suggests that electricity distributors pursue a voluntary goal to acquire 50 per cent of new supply from "BC Clean" electricity in the 2002-2012 period. Supply increments in 2005/06 are 100 per cent "clean" and increments in 2006/07 are expected to be 100 per cent clean. However, in subsequent years, supply additions to meet growing demand from "non clean" sources such as gas, coal, and municipal solid waste may mean that in any given year the percentage will be less than 100 per cent.

[2] Source: Heating, Refrigeration and Air Conditioning Institute.

Ministry Goal 3: *The Ministry, First Nations communities and industry working cooperatively for the responsible development and use of BC's energy, mineral and petroleum resources.*

Associated Core Business Areas: ***Oil and Gas; Mining and Minerals; Offshore Oil and Gas; Marketing, Aboriginal and Community Relations; Electricity and Alternative Energy.***

Objective 1: *Increased and timely engagement of communities, First Nations and stakeholders in resource development opportunities.*

Strategies:

1. Initiate a community engagement process on resource development benefits, opportunities and challenges to provide information to communities, receive advice, and encourage dialogue on key matters.
2. Develop tools to help landowners become more aware of development implications and work to address the needs of communities, First Nations, stakeholders and industry.
3. Negotiate consultation agreements with First Nations in areas of energy, mineral and petroleum resource development, and encourage partnerships between First Nations and industry.
4. Develop education and training projects in partnership with industry to sustain and grow a locally-based skilled workforce.

Objective 2: *Increased opportunity for First Nations to share in the benefits of responsible resource development and use.*

Strategies:

1. Develop a new relationship with First Nations based on early, sustained engagement that promotes economic certainty and creates opportunity for all British Columbians.
2. Negotiate First Nations Agreements which engage First Nations from pre-tenure through to reclamation and develop real opportunities.
3. Involve First Nations and coastal communities in the development of an offshore oil and gas regulatory and benefit sharing model, and a remote Community Clean Energy Program.
4. Explore mechanisms available to promote First Nation benefits from resource development and use.

Performance Measure	2005/06 Base	2006/07 Target	2007/08 Target	2008/09 Target
Number of First Nations with new or renegotiated working arrangements on energy, mineral and petroleum resource development.	37	45	55	65

Objective 3: *Enhanced public awareness of resource opportunities and the benefits of their responsible development and use.* [1]

Strategies:

1. Review and improve all points of access to information currently provided by the ministry to make more user friendly, and evaluate and improve existing public information strategy.
2. Provide information to the public on energy conservation opportunities and the use of alternative energy.

[1] New performance measure to be developed for community engagement and public awareness in 2006/07.

Changes to Goals, Objectives, Strategies Performance Measures and Targets

This Service Plan has been substantially reworked since the September 2005/06 Update. The plan is now more focused, strategic and reflective of the Ministry's mandate. It departs from selecting goals by core business area and now includes corporate goals for which all areas of the Ministry are accountable. New performance measures show how these goals will be supported. The result is improved integration of goals and strategies across the whole of the Ministry.

One of our major new initiatives is a renewed Energy Plan, aimed at developing a contemporary blueprint to guide the future management and use of BC's energy resources over the long term. The Province plans to build on the 2002 Plan with a new energy vision for electricity, oil and gas, and alternative energy, with greater emphasis on conservation, efficiency and innovation. New policy and regulatory frameworks will be developed to ensure this new energy vision can be achieved. Outcomes are expected to include: new energy efficiency measures, a strategy to continue to grow the oil and gas industry, increased promotion of exploration, and a strategy to reduce transportation emissions.

Ministry Performance Plan Summary Table

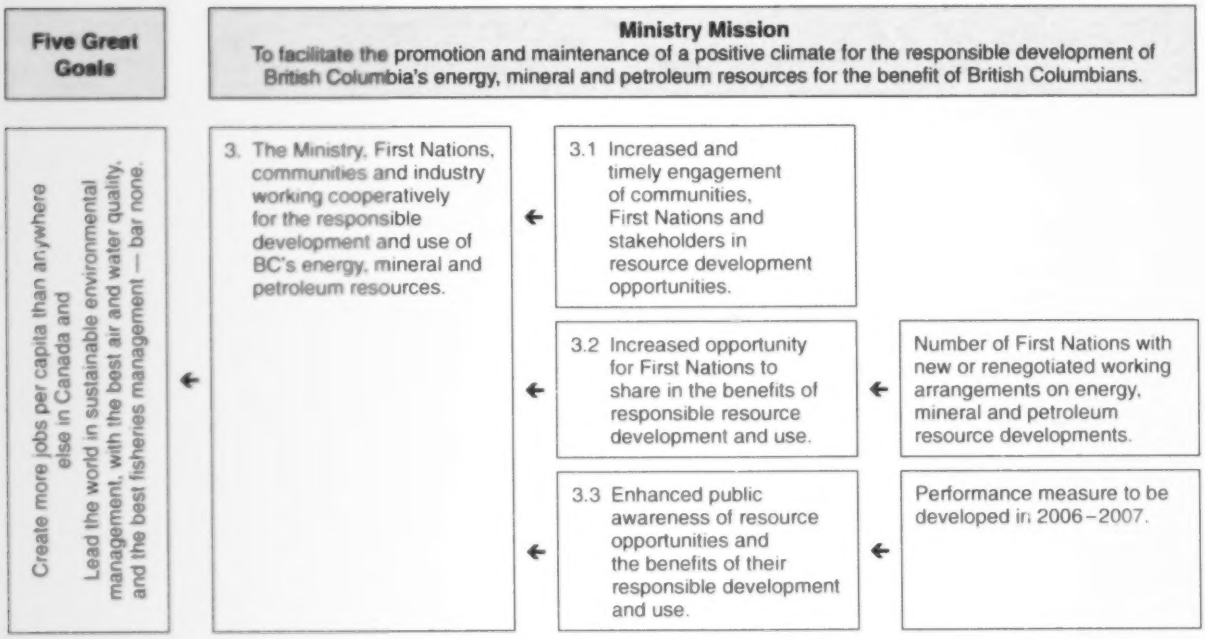
Five Great Goals

Create more jobs per capita than anywhere else in Canada
and
Lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management — bar none.

Ministry Mission

To facilitate the promotion and maintenance of a positive climate for the responsible development of British Columbia's energy, mineral and petroleum resources for the benefit of British Columbians.

Ministry Goals	Ministry Objectives	Performance Measures
1. Thriving and competitive energy, mineral and petroleum resource sectors.	1.1 Increased long term investment, revenue generation and job creation in energy, mineral and petroleum resource development for the benefit of all British Columbians.	Capital investment in oil and gas activities.
		Natural gas production.
	1.2 Efficient and effective fiscal, legislative and regulatory frameworks and services that reflect the public interest.	Annual mineral exploration expenditure.
	1.3 Greater community awareness of the benefits of energy, mineral and petroleum resource opportunities.	Capital investment in new or existing mines.
2. Safe and environmentally responsible energy, mineral and petroleum resource development and use.	2.1 Operational practices at development sites that protect the public, worker's safety and the environment.	Per cent reduction in emissions from flaring associated with gas production.
		Lost time accident frequency at mines.
	2.2 Increased development and use of alternative energy technology, and energy efficiency and conservation measures.	Per cent of new electricity produced from "BC Clean" and clean self generation sources.
		Percentage of furnaces installed with Energy Star rating.


Five Great Goals
Ministry Mission
To facilitate the promotion and maintenance of a positive climate for the responsible development of British Columbia's energy, mineral and petroleum resources for the benefit of British Columbians.
Create more jobs per capita than anywhere else in Canada and
Lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management — bar none.
3. The Ministry, First Nations, communities and industry working cooperatively for the responsible development and use of BC's energy, mineral and petroleum resources.
3.1 Increased and timely engagement of communities, First Nations and stakeholders in resource development opportunities.
3.2 Increased opportunity for First Nations to share in the benefits of responsible resource development and use.
Number of First Nations with new or renegotiated working arrangements on energy, mineral and petroleum resource developments.
3.3 Enhanced public awareness of resource opportunities and the benefits of their responsible development and use.
Performance measure to be developed in 2006–2007.

Related Initiatives and Planning Processes

Deregulation and Regulatory Reform

The Ministry will support Government's Regulatory Reform initiatives by committing to controlling regulatory burden and improving regulatory quality by:

- Identifying at least one regulatory reform opportunity that will shift the Ministry's regulations to be more citizen-centred, cost-effective, results-based, and responsive to our clients by reducing and/or streamlining the steps or business processes involved in complying with ministry regulations; and
- Adhering to the regulatory criteria set out in the Regulatory Reform Policy, and targeting a 0% net increase in regulation through 2008/09.

The Oil and Gas Regulatory Improvement Initiative will consolidate, integrate and harmonize regulations, creating the world's best regulatory environment for oil and gas.

Overview of Information Resource Management Plan

The Ministry's Information Resource Management Plan is available at: http://www.em.gov.bc.ca/serviceplan/IRMPoverview.htm.

Citizen-Centred Service Delivery

In order to create an innovative public service focused on meeting the needs of clients, the Ministry continues to embrace an organizational culture where excellence is recognized and rewarded. At the same time, Ministry employees are encouraged to achieve an optimal balance between their work life and personal commitments as part of an overarching strategy to help government employees excel in the provision of public services.

Staff is encouraged to develop new and innovative methods and business practices, which take advantage of partnerships with other organizations and new technologies. Mineral Titles Online, an Internet-based mineral rights acquisition and maintenance tool, has garnered recognition from business and industry as well as a number of awards. The Ministry strives to create a dynamic organization where creative and progressive ideas and solutions are welcomed and individual and team accomplishments are acknowledged.

In support of the governments' Citizen-Centred Service Delivery Front Counter BC initiative, the Ministry is working directly with the Integrated Land Management Bureau (ILMB) to support that agency's delivery of "single point of contact" services in a number of regional centres for a number of natural resource ministries and agencies. The Ministry's clients will

be able to seek information and make application for certain services through the Bureau. In addition, the Ministry is committed to making best efforts to achieve target adjudication times on applications that have been agreed between the Ministry and the Bureau. Examples of services available through ILMB offices include: applications for Oil and Gas Permits, Notice of Work Placer and Notice of Work Mineral and Coal Bulk Sample/Small Mine.